

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 L-02 AGR-05 CIAE-00

COME-00 INR-07 LAB-04 NSAE-00 SP-02 STR-04 TRSE-00

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R 261605Z MAR 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 9660

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

USDEL MTN GENEVA

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E.O. 11652: N/A

TAGS: ETRD, UK

SUBJECT: UK TEXTILE MONITORING SYSTEM

REF: (A) STATE 64748, (B) LONDON 4589

1. ON MARCH 25, IN ACCORDANCE WITH REF A, WE CALLED ON WILLIAM M. KNIGHTON, DEPUTY SECRETARY, DEPARTMENT OF TRADE, TO EXPRESS US CONCERN OVER THE UK'S TEXTILE MONITORING SYSTEM.

2. KNIGHTON DESCRIBED THE HEAVY PRESSURE THAT THE BRITISH TEXTILE INDUSTRY HAS BEEN PUTTING ON THE GOVERNMENT TO INTRODUCE IMPORT RESTRICTIONS. THE GOVERNMENT HAS RESISTED THIS PRESSURE. THE IMPORT SURVEILLANCE LICENSING ARRANGEMENT HAS BEEN INTRODUCED TO GATHER MORE INFORMATION ABOUT CURRENT IMPORT TRENDS. KNIGHTON CONFIRMED THAT IMPORT LICENSES WILL BE ISSUED ON DEMAND, PROVIDED THERE IS FIRM EVIDENCE OF AN ORDER.

3. KNIGHTON SAID THAT A RAPID RISE IN IMPORTS FROM  
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THE US ACCOUNTS FOR A SUBSTANTIAL PART OF THE PROBLEM

THAT THE BRITISH TEXTILE INDUSTRY IS COMPLAINING ABOUT. THIS INCREASE HAS MAINLY INVOLVED SYNTHETICS AND SYNTHETIC MIXTURES, YARN AS WELL AS CLOTH, WHICH ARE COMING IN AT LOW PRICES. THE PRICE ADVANTAGE APPEARS TO COME FROM THE LOWER COST OF CHEMICAL FEED STOCKS IN THE US. SO FAR THE BRITISH HAVE NO EVIDENCE OF DUMPING OR OTHER INFRINGEMENTS OF INTERNATIONAL TRADING RULES. HOWEVER, THE IMPORT MONITORING SYSTEM SHOULD PROVIDE A CLEARER PICTURE OF THE NATURE OF THE IMPORTS FROM THE US.

4. IN REPLY TO SPECIFIC POINTS OF OUR DEMARCHE, KNIGHTON SAID THAT HE DOES NOT AGREE THAT THE MONITORING SYSTEM WILL HAVE A RESTRICTIVE IMPACT ON TRADE, SINCE LICENSES WILL BE ISSUED ON DEMAND. HE DOES NOT EXPECT THAT IT WILL INCREASE PRESSURE ON OTHER COUNTRIES TO INTRODUCE RESTRICTIONS. OTHER COUNTRIES (FOR EXAMPLE, CANADA) ALREADY HAVE A SURVEILLANCE LICENSING SYSTEM. THE FACT THAT THE BRITISH HAVE NOT BOWED TO DOMESTIC PRESSURES TO RESTRICT IMPORTS COULD SERVE AS A POSITIVE EXAMPLE TO OTHERS TO DO THE SAME.

5. KNIGHTON TOOK NOTE OF OUR REQUEST THAT THE UK MAKE CLEAR ITS CONTINUING RESOLVE TO AVOID STEPS TOWARD DIRECT RESTRICTIONS ON TEXTILE IMPORTS. HE SAID THAT HIS GOVERNMENT DID THIS IN A HOUSE OF COMMONS DEBATE ON TEXTILES ON MARCH 20, AND IN THE STATEMENTS THAT HAVE BEEN MADE BY BRITISH EMBASSIES TO VARIOUS GOVERNMENTS, INCLUDING THE ONE MADE TO THE US THAT WAS REPORTED IN REF A. KNIGHTON SAID THAT THE RENEWAL OF THE OECD TRADE PLEDGE HAS NOT YET BEEN CONSIDERED AT THE MINISTERIAL LEVEL IN THE UK. THE ABSENCE OF A MINISTERIAL DECISION WAS THE REASON FOR BRITAIN'S INABILITY TO REAFFIRM THE PLEDGE AT RECENT OECD MEETINGS. KNIGHTON DREW ATTENTION TO BRITISH CONCERNS ABOUT A MORE EQUITABLE "SHARING" OF THE BALANCE OF PAYMENTS EFFECTS OF THE OIL PRICE INCREASES, BUT SAID THAT BRITISH OFFICIALS HAD NO FIRM VIEWS AS YET AS TO HOW THIS CONCERN MIGHT BE MET.

7. WITH REGARD TO BRITAIN'S GENERAL ATTITUDE TOWARD LIMITED OFFICIAL USE

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IMPORT RESTRICTIONS, KNIGHTON SAID THAT THERE HAS BEEN NO CHANGE SINCE MARCH 4 WHEN PRIME MINISTER WILSON TOLD PARLIAMENT THAT IMPORT CONTROLS WOULD BE A BAD POLICY FOR BRITAIN. (SEE LONDON 3460.)

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
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**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 26 MAR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** UK TEXTILE MONITORING SYSTEM  
**TAGS:** ETRD, UK, US  
**To:** STATE  
**Type:** TE  
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